

Understanding CBS Cost Accumulation Information

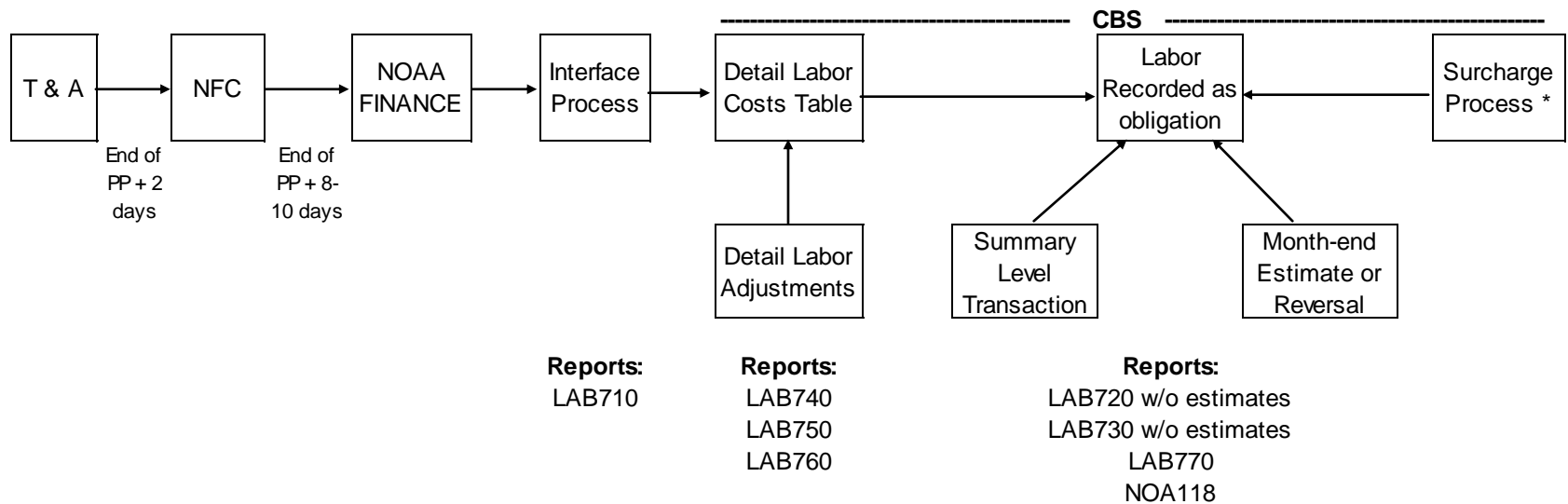
January 2010

The BE Team

NOAA Labor Process

January 2010

Labor Flow



* All DLAs and SLTs posted, to date, included in current surcharge process

CBS Labor Files

- Time and Attendance files submitted to NFC within 2 days after end of pay period
- NFC-processed labor file to NOAA Finance 8 – 10 days after end of pay period
 - Additional files delivered as required
 - Files include T & A adjustments to prior pay periods and residue
- NFC file processed thru CBS Labor Interface
- CBS Labor Interface posts individual labor records to Detail Labor costs table and summarized ACCS Labor obligations to CFS General Ledger

CBS Labor Files (continued)

- Detail Labor Adjustments affect individual's labor data in Detail Labor Costs Table
- Month End Estimates and Reversals processed locally; based on prior approved pay period representative of current situation
- Surcharge process completed on same day of posting of NFC current pay period transactions
 - DLAs and SLTs approved since last Surcharge process included
 - SLTs should not include Surcharge and Overhead Object Classes
 - Surcharge process applied to Month End Estimates and Reversals

Internal Fund

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Internal Fund

- It is an overhead fund.
- It captures the overhead costs related to NOAA, LO, and FMC Headquarters Staff Operations (salaries, rent, equipment, travel, etc.).
- It also captures the surcharge offsets generated by the various Surcharge Rates.
- The Internal fund is not reflected in any External Financial Reports.
- It is established on the basis of estimated costs and represents the cost of the overhead support to all operational direct and reimbursable programs and projects.
- There are no transfers of funds in or out of the Internal Fund because no real funding is allotted to it.

Internal Fund & Indirect Costs

- Indirect costs are those costs incurred by the organization that are appropriately distributed to many or all programs.
- The Internal Fund, Fund Code 02, is used to facilitate planning and accounting for activities related to the overhead costs.
 - Not a reportable Treasury account
 - The Resources allocated to the Internal Fund represent an estimate of overhead costs applicable to all programs (Direct & Reimbursable)

Internal Fund

- All costs in the Internal Fund are distributed to all Programs (Direct & Reimbursable).
 - Programs/Projects are charged for Overhead services
- Rates are applied to labor charges
 - The Rates are developed by using an Estimated Cost of the Overhead, Benefits, and Leave for a given year and dividing it by the total Estimated Labor costs.
 - Example: LO Overhead Rate = the total estimated cost of LO HQ's Staff Operations **divided** by the total estimated labor costs for that LO. If LO total estimate for HQ's operations = \$15M. Total estimate for labor costs = \$60M. The LO Overhead Rate = 25%

Internal Fund

What are Internal Fund Costs?

- Internal Fund cost categories:
 - NOAA Corporate Cost
 - LO Overhead
 - FMC Overhead
 - Reimbursable Rent Surcharge Costs
 - Reimbursable Leave Surcharge Offsets
 - Reimbursable Benefits Surcharge Offsets

Recording of Indirect Costs (Generated by the Surcharge Process)

- CBS Records
 - Only Reimbursable Funds will have Indirect Leave and Benefit costs in Object Classes 11.60.00.00 and 12.10.00.00 (based on a Leave Surcharge Rate or a Benefits Surcharge Rate)
 - Indirect Management and Support Costs in Object Class 77.87.00.00, 77.88.00.00, 77.89.00.00 (based on a NOAA Overhead, LO Overhead, FMC Overhead Surcharge Rate)

Surcharge Process

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Surcharge Process

- Reimbursable Leave Surcharge
 - Applied against Object Classes 11.10 to 11.39 (Base Labor)
 - Applied to Reimbursable Projects within specific FMC
 - Results from Surcharge calculation are reflected in Object Class 11.60.00.00
- Reimbursable Employer's Contribution (Benefits) Surcharge
 - Applied against Object Classes 11.60 to 11.60.49
 - Applied to Reimbursable Projects within specific FMC
 - Results from Surcharge calculation are reflected in Object Class 12.10.00.00

Surcharge Process Cont.

- Line Office Overhead Surcharge
 - Applied against Object Classes 11.10 to 11.99
 - Applied to Projects (Direct and/or Reimbursable) within specific LO
 - Results from Surcharge calculation are reflected in Object Class 77.88.00.00
- FMC Overhead Surcharge
 - Applied against Object Classes 11.10 to 11.99
 - Applied to Projects (Direct and/or Reimbursable) within specific FMC
 - Results from Surcharge calculation are reflected in Object Class 77.89.00.00

Surcharge Process Cont.

- Reimbursable Rent Surcharge
 - Applied against Object Classes 11.10 to 11.99
 - Applied to all Reimbursable Projects within LO
 - Results from Surcharge calculation are reflected in Object Class 23.19.20.00
- NOAA Corporate Overhead Surcharge
 - Applied against Object Classes 11.10 to 11.99
 - Applied to all Reimbursable Projects within LO
 - Results from Surcharge calculation are reflected in Object Class 77.87.00.00

Surcharge Process Cont.

- Two sets of Surcharge Templates are now active in CBS
 - Even Templates – to be used for even FY's
 - XXXXVE – Reimbursable Leave
 - XXXXBE – Reimbursable Benefits
 - XXXXRE – Reimbursable Rent
 - XXXXLE – Line Office Overhead
 - XXXXFE – FMC Overhead
 - NOAARE – NOAA Reimbursable Overhead
 - Odd Templates – to be used for odd FY's
 - XXXXLV – Reimbursable Leave
 - XXXXEC – Reimbursable Benefits
 - XXXXRR – Reimbursable Rent
 - XXXXLO – Line Office Overhead
 - XXXXOF – FMC Overhead
 - NOAREM – NOAA Reimbursable Overhead
 - These Surcharge Templates are brought into the BOP Screen when applying Surcharges

Surcharge Examples – Reimbursable

Object Class	Description of Object Class	Cost	Surcharge Rate	Notes
11.12.00	Actual Base Labor	\$ 3,437		
11.60.00	Leave Surcharge	\$ 722	21.00%	21% Leave Surcharge Rate multiplied x Actual Base Labor Cost \$3,437 = \$722
12.10.00	Benefits Surcharge	\$ 166	23.00%	23% Benefit Surcharge Rate is multiplied x Leave Surcharge Cost \$722 = \$166
12.3x.xx	Benefits	\$ 794		NFC calculated Benefit Rate [23%] multiplied x Actual Base labor Cost \$3,437 = \$794
23.19.20	Reimbursable Rent Surcharge	\$ 374	9.00%	9% Reimbursable Rent Surcharge multiplied x Actual Base Labor Cost \$3,437 = \$374
77.87.00	NOAA Overhead Surcharge	\$ 839	20.17%	20.17% NOAA Ovhd Surcharge Rate multiplied x Actual Based Labor Cost \$3,437 = \$839
77.88.00	LO Overhead Surcharge	\$ 574	13.80%	13.80% LO Ovhd Surcharge Rate multiplied x Actual Base Labor Cost \$3,437 = \$574
77.89.00	FMC Overhead Surcharge	\$ 2,246	54.00%	54% FMC Ovhd Surcharge Rate multiplied x Actual Base Labor Cost \$3,437 = \$2,246
Total		\$ 9,152		

Surcharge Examples – Direct

Object Class	Description of Object Class	Cost	Surcharge Rate	Notes
11.12.00	Actual Base Labor	\$ 2,057,500		
11.12.60	Actual Leave Costs	\$ 37,350		Based on Web T&A Entries
12.3X.XX	Actual Benefits Costs	\$ 485,570		NFC calculated Benefit Rate [23.6%] multiplied x Actual Base Labor Cost \$2,057,500 = \$485,570
77.88.00	LO Overhead Surcharge	\$ 289,089	13.80%	13.80% LO OVHD Surcharge Rate multiplied x Actual Base Labor Cost \$2,057,500 = \$289,089
Total		\$ 2,869,509		

CA/Over Under Process

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CA/Over Under Process

- Reason for O/U
- It is the policy of the Department of Commerce and NOAA to record the Total Cost of each project.
- Total Costs includes both
 - Direct costs incurred by the program
 - the appropriate share of Indirect costs associated with the program (11.60, 12.10, and 77's).

CA/Over Under Process Cont.

- Basis for Distribution
- Each pay period, the labor data being fed to CBS from the NFC or Coast Guard (CG) payroll system has Surcharges applied to generate the Indirect distributed costs.
- Costs from the Object classes 11.10 to 11.59 and 11.61 to 11.99 are multiplied times the various Surcharge rates.
- The Reimbursable indirect (distributed) costs are 11.60 & 12.10 are recorded in CBS along with the labor that was initially recorded on a Web T/A.

CA/Over Under Process Cont.

- Types of Processes
 - Leave and Benefit Process for Direct Funds
 - Leave and Benefit Process for Reimbursable Funds
- Leave Process for Direct Funds
 - All leave is charged to Direct or Admin project codes on the Web T&A
 - This includes sick leave, annual leave, lump sum leave, comp or credit time, shore leave, time off award, home leave, and other excused absences

CA/Over Under Process Cont.

- Leave Process for Direct Funds Cont.
 - No Comp/Credit Earnings (Object Classes 11.80 and 11.82) are recorded in CBS.
 - These 'earnings' (leave and comp/credit) are personnel system functions, not accounting functions. The official comp time earnings are based on the personnel system records not on CBS data.
- No Over/Under process is needed for Direct Leave

CA/Over Under Process Cont.

- Leave Process for Direct Funds Cont.
 - Leave obligations will be captured in the Third position of the Labor Object Class Codes
 - The NFC T&A Transactions Codes are used as the Third position of the Labor Object Class Codes
 - Examples are:
 - 11.12.61.00 = Annual Leave Used
 - 11.12.62.00 = Sick Leave Used
 - 11.12.64.00 = Comp Time Used
 - 11.32.66.00 = Other Paid Absence

CA/Over Under Process Cont.

- Leave Process for Direct Funds Cont.

NFC TA Trans Code	Description
42	Terminal Leave
50	Credit Hours Used
59	Shore Leave
60	Comp Time Used/Religious
61	Annual Leave
62	Sick Leave
63	Restored Annual Leave
64	Comp Time Leave Used
65	Regular Military Leave
66	Other Leave
67	Injury Leave
68	Emergency Military Leave
69	Home Leave

CA/Over Under Process Cont.

- Direct Employee Contributions (Benefits) Process
 - NFC calculates the benefits based on what is entered on the Web T& A for total hours worked
 - NFC performs the calculations, not CBS
 - All project codes (Direct, Reimbursable, Admin), receive a share of the actual employee contributions
- No Over Under Process is needed

Web T&A Direct Leave Example

				Jan							Jan									
Transaction	Pfx	Sfx	Account	6	7	8	9	10	11	12		13	14	15	16	17	18	19		
				S	M	T	W	T	F	S	Wk 1	S	M	T	W	T	F	S	Wk 2	Total
Work Time																				
				Time In Time Out																
Regular Base Pay			01F8P1B67P00 Improve Systems Functionality		3	1	2:30	5	4		15:30									15:30
Regular Base Pay			01F8P1B70P00 Customer Support		2		4:30	2	2		10:30									10:30
Regular Base Pay			01F8P1B72P00 Production Operations			1					1									1
Regular Base Pay			01F8P1B88P00 Employee Development - CBS ONLY			7					7									7
Regular Base Pay			01F8P1B89P00 Complete Administrative Duties - CBS ONLY		4		2	2	3		11									11
Work Time Total					9	9	9	9	9		45									45
Leave and Other Time																				
				Absence Start Absence End																
Annual Leave			01F8PLVFSP00 Non-Worked Paid Time (Leave, A/L,S/L etc.)											9	9	9	8		35	35
Leave and Other Time Total														9	9	9	8		35	35
Daily Total					9	9	9	9	9		45			9	9	9	8		35	80

CA/Over Under Process Cont.

- Reimbursable Leave Process
 - Staff record their hours worked on the Web T&A to a specific Reimbursable project(s)
- However, when these individuals take leave, which Reimbursable project(s) should be charged?

CA/Over Under Process Cont.

- Reimbursable Leave Process Cont.
 - An FMC Leave Surcharge Rate was developed to ensure that Leave for Reimbursable Projects is charged evenly among all of the projects used on the web T&A
- This Leave Surcharge is necessary to record the total cost of labor to the project.

CA/Over Under Process Cont.

- Reimbursable Leave Process Cont.
 - The FMC Leave Surcharge Rate is the projected leave usage (the cost), including comp/credit and lump sum leave, (ex: object class 11.12.61) divided by the projected non-leave labor (cost), which is the sum of object classes 11.1X thru 11.3X
 - A surcharge is computed by multiplying the rate times the base labor (time worked = Object Classes 11.1x thru 11.3x).
 - This cost will appear in the Organization and Project code where the labor costs are as Object Class 11.60.
 - At the same time, an equal offset is recorded as a credit against one project code with in each FMC's Direct or Admin Fund Code.
 - This is the same process as the Reimbursable Rent.

CA/Over Under Process Cont.

- Reimbursable Leave Process Cont.
 - Leave should **NOT** be Recorded against Reimbursable project codes on your Web T&A
 - LO/FMCs determine how their staff will record Reimbursable Leave. They will use either a Direct or Administrative project code.
 - These same project codes, (Direct or Administrative) can be used to capture the offset that is recorded as a negative obligation generated from the Reimbursable Leave Surcharge rate.

Web T&A Reimbursable Example

				Jan								Jan									
Transaction	Pfx	Sfx	Account	6	7	8	9	10	11	12		13	14	15	16	17	18	19		Total	
				S	M	T	W	T	F	S	Wk 1	S	M	T	W	T	F	S	Wk 2	Total	
Work Time																					
				Time In		Time Out															
Regular Base Pay	R		01F8P1B67P00 Improve Systems Functionality	3	1	2:30	5	4			15:30									15:30	
Regular Base Pay			01F8P1B70P00 Customer Support	2		4:30	2	2			10:30									10:30	
Regular Base Pay			01F8P1B72P00 Production Operations		1						1									1	
Regular Base Pay			01F8P1B88P00 Employee Development - CBS ONLY		7						7									7	
Regular Base Pay			01F8P1B89P00 Complete Administrative Duties - CBS ONLY	4		2	2	3			11									11	
Work Time Total				9	9	9	9	9			45									45	
Leave and Other Time																					
				Absence Start		Absence End															
Annual Leave	D/A		01F8PLVFSP00 Non-Worked Paid Time (Leave, A/L,S/L etc.)										9	9	9	8			35	35	
Leave and Other Time Total													9	9	9	8			35	35	
Daily Total				9	9	9	9	9			45			9	9	9	8			35	80

CA/Over Under Process Cont.

- Reimbursable Benefits Process
 - Benefits are directly charged to the Reimbursable projects and tasks that contain labor costs based on Web T&A entry.
 - The CSRS, FERS, Officers, Part time staff , Options (health, insurance, thrift savings, etc), benefit plans require substantially different NFC NOAA Contribution Benefit rates.
 - NFC calculates these basic benefit rates based on the various Benefits options listed in the bullet above.

CA/Over Under Process Cont.

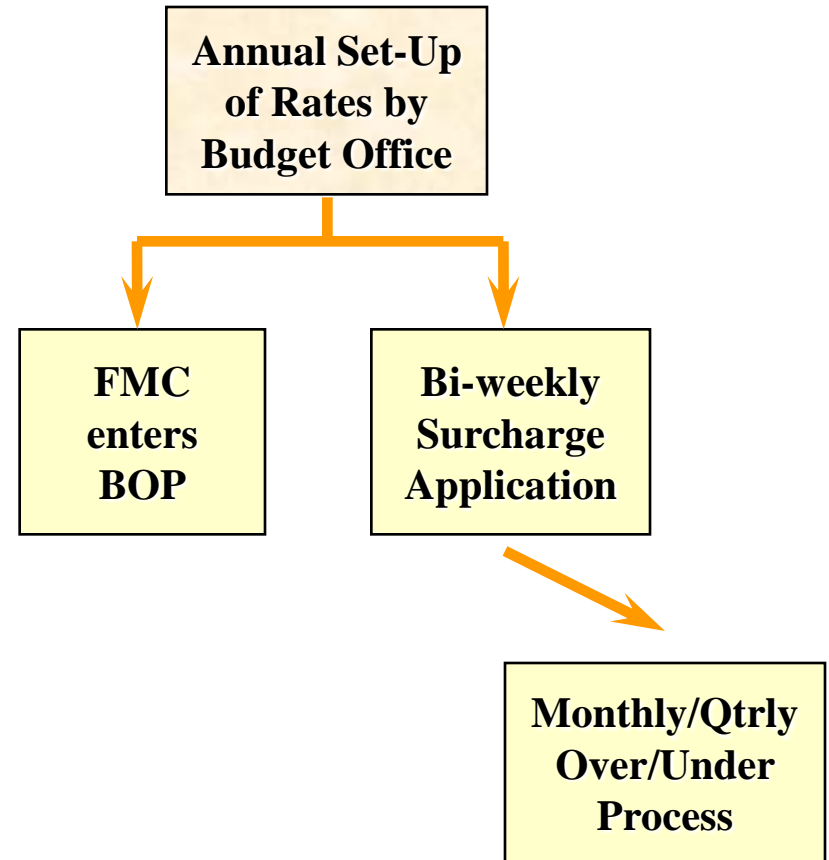
- Reimbursable Benefits Process Cont.
- In addition to the NFC Benefits being charged directly to the Reimbursable Project based on Web T&A entries, a Benefit Surcharge is used to capture the Benefits for the Leave Surcharge.
 - The Benefit Surcharge Rate is applied to the Leave Surcharge Object Class Code:
 - Object Class Code 11.60.00.00 is generated from the Reimbursable Leave Surcharge Rate
 - The Benefit Surcharge is recorded in Object Class 12.10.00.00 in Reimbursable Projects with Leave Surcharge Costs (11.60.00.00).
 - At the same time an equal offset is recorded as a negative obligation in the FMC designated Project Code under Object Class Code 12.10.00.00.

CA/Over Under Process Cont.

- At the end of a reporting period, the Internal Fund (salaries, equipment, travel, supplies, etc.) costs are reconciled to the offsets generated by the surcharge process.
 - All Internal Fund costs must be distributed
 - On a monthly basis the Over/Under distribution process compares actual costs to the applied surcharge offsets
 - The Internal Fund must be zeroed out
 - The Surcharge Offset should equal the Internal Fund costs which includes any adjustments made through the Over Under process.

C A/Over Under Process Recap

- Each LO & FMC determines their own rates for the upcoming year. They provide the rates to NOAA Budget who then enters them into CBS surcharge templates.
- BOPs generate surcharges based on the established rates when plans are entered
- Rates are applied to labor obligations on a bi-weekly basis
- Over/Under process compares offsets and expenses in order to redistribute difference (+ or -) to operating programs



CA/ Over Under Process Recap Cont.

- Over/Under Process is normally run at the end of each month
 - The Results are posted/displayed in current month-end reports
 - The Entire posted amount is reversed out of CBS sometime between the middle and end of the following month.
 - The Final posting at the end of September is NEVER Reversed Out
- The process is run on a cumulative basis – the range used is October through the current month

CA Over Under Recap Cont.

- Over Under Reports:
 - Monthly over under results are available on the following Reports:
 - NOA120
 - NOA118
 - A new Data Warehouse Reimbursable Leave Duplication Check Report [LAB780] has been developed and is now available for use.

Surcharge Examples – Reimbursable

Object Class	Amount	Surcharges	Notes
11.12.00	\$ 3,437		Actual Based Labor Costs
11.60.00	\$ 722	21.00% - Leave Surcharge Rate generates the Leave Surcharge Offset	The Leave Surcharge Offset shows up as a negative obligation within the LO/FMC designated Direct or Administrative project code. [$\$3,437 \times 21\% = \722]
12.10.00	\$ 166	23.00% - Benefits Surcharge Rate generates the Benefit Surcharge Offset	The Benefit Surcharge Offset shows up as a negative obligation within the LO/FMC designated Direct or Administrative project code. [$\$722 \times 23\% = \166]
12.3x.xx	\$ 794		Actual Benefit Costs - – NFC calculated Benefit Rate [23.6%] multiplied x \$3,437 = \$794
23.19.20	\$ 374	9.00% - Reimbursable Rent Surcharge Rate generates the Reimbursable Rent Surcharge Offset	The Reimbursable Rent Surcharge Offset shows up as a negative obligation within the LO/FMC designated Direct or Administrative project code. [$\$3,437 + \$722 \times 9\% = \$374$]
77.87.00	\$ 839	20.17% - NOAA Ovhd Surcharge Rate generates the NOAA Ovhd Surcharge Offset	The NOAA Overhead Surcharge Offset shows up as a negative obligation within CFMD's designated project Direct or Administrative project code. [$\$3,437 + \$722 \times 20.17\% = \$839$]
77.88.00	\$ 574	13.80% - LO Ovhd Surcharge Rate generates the LO Ovhd Surcharge Offset	The LO Overhead Surcharge Offset shows up as a negative obligation in the LO's Internal Fund under project code 09WG0FL. [$\$3,437 + \$722 \times 13.8\% = \$574$]
77.89.00	\$ 2,246	54.00% - FMC Ovhd Surcharge Rate generates the FMC Ovhd Surcharge Offset	The FMC Overhead Surcharge Offset shows up as a negative obligation in the FMC's Internal Fund under project code 09WG0FF. [$\$3,437 + \$722 \times 54\% = \$2,246$]
Total	\$ 9,152		

Surcharge Examples – Direct

Object Class	Amount	Surcharge Rate	Notes
11.12.00	\$ 2,057,500		Actual Base Labor Cost
11.12.60	\$ 37,350		Actual Leave Cost – Based on Web T&A Entry
12.3X.XX	\$ 485,570		Actual Benefits Cost – NFC calculated Benefit Rate [23.6%] multiplied x Actual Base Labor Cost \$2,057,500 = \$485,570
77.88.00	\$ 289,089	13.80% -LO Ovhd Surcharge Rate generates the LO Ovhd Surcharge Offset	The LO Overhead Surcharge Offset shows up as a negative obligation in the LO's Internal Fund under project code 09WG0FL. [\$2,057,500 + \$37,350 x 13.8% = \$289,089]
Total	\$ 2,869,509		